

**KITSAP COUNTY SEWER DISTRICT NO. 5**  
**Kitsap County, Washington**  
**January 1, 1992 Through December 31, 1994**

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**Schedule Of Findings**

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1. The District's Board Of Commissioners Should Comply With The Open Public Meetings Act

The commissioners' meeting logs showed 29 meetings in 1994 and 18 through August 1995 in which a quorum was held. These meetings were neither declared during a regular meeting, published in a newspaper, nor minutes taken. Other violations of the Open Public Meetings Act included:

- a. The Second Annual Employees Meeting held January 3, 1995, was announced in the newspaper, but no minutes were taken.
- b. The April 18, 1995, meeting was also announced in the newspaper. The stated purpose was to review resolutions. However, the minutes showed the commissioners also discussed other issues.

Since the district has only three commissioners, anytime two of them formed a quorum to discuss district business, a meeting was considered to have taken place.

The purpose of the Open Public Meetings Act is described in RCW 42.30.010:

The people of this state do not yield their sovereignty to the agencies which serve them. The people, in delegating authority, do not give their public servants the right to decide what is good for the people to know and what is not good for them to know. The people insist on remaining informed so that they may retain control over the instruments they have created.

RCW 42.30.030 states:

All meetings of the governing body . . . shall be open and public and all persons shall be permitted to attend any meeting . . . .

RCW 42.30.020 (3) and (4) defines the following items:

"Meeting" means meetings at which action is taken.

"Action" means the transaction of the official business of a public agency by a governing body including but not limited to receipt of public testimony, deliberations, discussions, considerations, reviews, evaluations, and final actions.

RCW 42.30.080 prescribes rules for special meetings:

A special meeting may be called at any time by the presiding officer of the governing body of a public agency or by a majority of the members of the governing body by delivering personally or by main written notice to each member of the governing body; and to each local newspaper of general circulation and to each local radio or television station which has on file with the governing body a written request to be notified of such special meeting or of all special meetings. Such notice must be delivered personally or by mail at least twenty-four hours before the time of such meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted. Final disposition shall not be taken on any other matter at such meetings by the governing body.

RCW 42.32.030 states:

The minutes of all regular meetings except executive sessions of such boards, commissions, agencies or authorities shall be promptly recorded and such records be open to public inspection.

These conditions arose when the commissioners became more active in running the day to day activities of the sewer district. This necessitated meeting frequently outside the regular scheduled meetings.

When a quorum of commissioners conducted district business outside of the Open Public Meetings Act, the public was not allowed the opportunity to participate in the government. Additionally, without documentation that each commissioner was notified of the meetings, it is uncertain whether each commissioner was given the opportunity to participate in the government to which they were elected. Written notice must be provided to each commissioner unless waived in writing.

Since the local newspapers or other media did not have a written request for notification on file with the district, the district was not required to publish meeting dates.

We recommend the commissioners only meet within the guidelines of the Open Public Meetings Act.

2. Travel Expenses And Other Reimbursements Should Comply With State Regulations

We noted numerous instances of noncompliance with various travel regulations and other reimbursements.

- a. Per diem was paid when meals were included in conference registration. The commissioners authorized per diem for all conferences. However, many conferences included meals, and in some cases, the district paid extra registration fees for meals. During 1994, approximately \$2,268 was spent on per diem when meals were already included in the conferences.
- b. The district incurred additional hotel expenses for spouses accompanying employees on travel. Commissioners and employees were often accompanied by their spouses during travel. In some cases, the hotels charged an additional fee for the extra person. The district did not require commissioners and employees pay these added costs. During 1994, at least \$467 was spent on additional hotel costs.
- c. A commissioner received reimbursement twice for the same expense. We noted two instances in which a commissioner claimed reimbursement for expenses already advanced to him. \$74 was claimed twice during 1994 and reimbursed.
- d. The district incurred additional expenses for personal travel. During 1995, a commissioner combined personal travel with district business. Rather than flying directly to the conference site, the commissioner flew into another city, rented a car, and drove to the conference. The district advanced the commissioner the car rental fee and reimbursed him for gas. The additional cost to the district was approximately \$275.
- e. Reimbursement requests were not always accompanied by supporting documentation. One commissioner's reimbursement requests were consistently lacking supporting documentation. During 1995, he received reimbursement of \$215 for expenses where documentation was inadequate.
- f. Travel advances were not accounted for following travel. The district required advance travel requests signed by the employee/commissioner and approved by the commissioners prior to travel. However, advances were not accounted for following travel.
- g. Advanced travel was used for direct payments to vendors for hotels, airfare, and other travel expenses. The advance travel fund is to be used only for advances to employees.
- h. The board of commissioners set per diem at rates higher than Internal Revenue Service (IRS) regulations allow without being considered extra compensation. During our prior audit, we noted that the district paid per diem in excess of allowed IRS rates. Our tests of the district's travel advances for the period under audit revealed that the district is still doing this. During 1994, the district paid per diem in excess of IRS rates by \$802. Under the Family Support Act of 1988, which became effective July 1, 1990, reimbursements which exceed IRS limits are subject to federal income tax withholding FICA and FUTA.

Per diem is allowed under RCW 42.24.090 "as reimbursement to such officers and employees in-lieu-of actual expenses incurred for lodging, meals, or other purposes." However, when meals are included in conference registration, the officers and employees

do not incur expenses for meals and are not entitled to reimbursement.

The Washington State Constitution, Article VIII, Section 7 states:

No county, city, town, or other municipal corporation shall hereafter give any money, or property, or loan its money, or credit to or in aid of any individual, association, company or corporation . . . .

RCW 43.09.200 states in part:

The accounts shall show . . . all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction . . . .

RCW 42.24.130 states in part:

The legislative body of a municipal corporation or political subdivision wishing to make advance payments to officials and employees, as provided in RCW 42.24.120 through 42.24.160, will establish, in the manner that local legislation is officially enacted, a revolving fund to be used solely for the purpose of making advance payments of travel expenses.

The *Budgeting, Accounting and Reporting System* (BARS) manual Volume 1, Part 3, Chapter 3 further clarifies the use of the advance travel fund stating in part:

The Advance Travel Expense Account must be used solely for travel advances, not direct payments to vendors . . . It must not be used for personal loans, payment of airline tickets, pre-registration fees, reimbursements to employees or officers for travel already incurred, etc. (Emphasis ours.)

RCW 42.24.150 states:

On or before the tenth day following the close of the authorized travel period for which expenses have been advanced to any officer or employee, he shall submit to the appropriate official a fully itemized travel expense voucher, for all reimbursable items legally expended, accompanied by the unexpended portion of such advance, if any.

Any advance made for this purpose, or any portion thereof, not repaid or accounted for in the time and manner specified herein, shall bear interest at the rate of ten percent per annum from the date of default until paid.

As a result of the district's travel policies, the district is not in compliance with state regulations, and has overpaid its commissioners.

We recommend the district:

- a. Pay for meals only once and seek reimbursement for past instances when per diem was paid when meals were included in conferences.
- b. Require commissioners and employees to pay hotel expenses for spouses and seek reimbursement for past expenses.

- c. Seek reimbursement for duplicate expense payments.
- d. Require commissioners and employees to pay for personal travel and seek reimbursement for past expenses.
- e. Require supporting documentation before paying travel claims. The district should seek reimbursement for any claims paid without proper documentation.
- f. Require an accounting of advances in a timely manner following travel.
- g. Make payments to vendors for travel expenses through the regular voucher system.

We again recommend the district amend its travel policies in order to eliminate the risk of extra compensation being paid to its commissioners and employees.